

Election Notice

NAC Election

FINRA Announces Nominees for Upcoming Vacancies on the National Adjudicatory Council

Petitions for Candidacy Due: September 16, 2013

Executive Summary

The purpose of this *Election Notice* is to announce FINRA's nominees for two vacancies on the National Adjudicatory Council (NAC) to be filled by one Large Firm NAC Member and one Mid-Size Firm NAC Member.

FINRA's Nominating and Governance Committee nominated the following individuals: Claire H. Santaniello for the Large Firm NAC seat and John R. Muschalek for the Mid-Size Firm NAC seat.

Eligible individuals who were not nominated may petition to have their names included on a ballot for a contested election by following the procedure below.

Note: This *Notice* was distributed electronically to the executive representative of each FINRA member firm and it is posted on FINRA's website at www.finra.org/notices/election/080213. Executive representatives should circulate this *Notice* to their firms' branch managers.

Questions regarding this *Election Notice* may be directed to:

- ▶ Marcia E. Asquith, Senior Vice President and Corporate Secretary, at (202) 728-8949; or
- ▶ Jennifer Piorko Mitchell, Assistant Corporate Secretary, at (202) 728-8949.

Background

The NAC is appointed by the FINRA Board of Governors to review all disciplinary decisions issued by FINRA hearing panels and presides over disciplinary matters that have been appealed to or called for review by the NAC. The NAC also reviews statutory disqualification matters, considers appeals of membership proceedings and exemption requests and acts in other proceedings as set forth in the Code of Procedure.

August 2, 2013

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Composition of the NAC

The NAC comprises fourteen members—seven industry members and seven non-industry members. The seven industry members of the NAC include two Small Firm, one Mid-Size Firm, two Large Firm and two at-large Industry Members. Of the seven Non-Industry NAC Members, at least three are Public Members.

The Nominating and Governance Committee identifies candidates for all NAC seats, including the five industry member seats that are based on firm size.

Vacancies and Terms

The terms of one Large Firm NAC Member and one Mid-Size Firm NAC Member expire at the end of 2013 and will be filled with like members.¹ The successful candidates will serve three-year terms beginning in January 2014.

Nominees and Nomination Process

FINRA's Nominating and Governance Committee has nominated the following individuals to fill the vacant Large Firm and Mid-Size Firm NAC Member seats:

Nominee for Large Firm NAC Member

- Claire H. Santaniello, Chief Administrative Officer, Pershing, LLC

Nominee for Mid-Size Firm NAC Member

- John R. Muschalek, Managing Director, First Southwest Company

Profiles of the FINRA nominees are included in Attachment A.

Pursuant to Article VI, Section 6.2 of the FINRA Regulation By-Laws, a person who has not been nominated may be included on a ballot for an election to fill the open NAC seats if:

- a. within 45 days of the date of this *Election Notice*, such person presents to the Secretary of FINRA, in the case of petitions solely in support of such person, petitions in support of his or her nomination duly executed by three percent of the members entitled to vote (based on firm size classification) for such nominee's election or, in the case of petitions in support of more than one person, petitions in support of the nominations of such persons duly executed by ten percent of the members entitled to vote (based on firm size classification) for such nominees' election; and
- b. the Secretary certifies that the petitions are duly executed by the executive representatives of the requisite number of members entitled to vote for such nominee's/nominees' election, and the person(s) satisfies/satisfy the classification (Large Firm or Mid-Size Firm) of the NAC seat to be filled, based on such information provided by the person(s) as is reasonably necessary to make the certification.

Firms may only endorse a petition candidate for an open seat that corresponds to the firm's size classification. No firm may endorse more than one such candidate.

Individuals interested in petitioning to become candidates must complete a candidate profile form (Attachment B) and submit it to FINRA's Corporate Secretary. Upon receipt of a candidate profile form, the Corporate Secretary will forward the interested individual a list of firms eligible to endorse a candidate for that seat (based on firm size classification).

Individuals submitting petitions must provide information sufficient for the Corporate Secretary to determine that the petitions are duly executed by the executive representatives of the requisite number of large or mid-size firms by Monday, September 16, 2013.

The number of FINRA large firms as of the close of business on Thursday, August 1, 2013, was 168 and the number of FINRA mid-size firms as of the close of business on August 1, 2013, was 223. The requisite number of large firm endorsements required to meet the above-referenced threshold is 6 and the requisite number of mid-size firm endorsements required to meet the above-referenced threshold is 7 for petitions in support of the nomination of a single person. Please note that, if a petition slate includes individuals from different firm size categories, the signatures of 10 percent of each respective class size are required.

Voting Eligibility

In the case of a contested election, firms are eligible to cast one vote for an industry candidate who is running for a seat that is in the same size category as their own firm. Therefore, large firms may vote for a Large Firm NAC candidate and mid-size firms may vote for a Mid-Size Firm NAC candidate. The size classification of each FINRA member firm will be verified on the day the ballots are mailed. All eligible large and mid-size firms will receive a ballot containing the candidates for the vacant Large Firm or Mid-Size Firm NAC seats.

Firm Contact Information

Firms are reminded to accurately maintain their executive representative's name and email address, as well as their firm's main postal address in FINRA's records. This will ensure that important mailings, such as election information, will be properly directed. A firm's failure to keep this information accurate may jeopardize the firm's ability to participate in elections.²

To update an executive representative's name, mailing address and email address, firms may access the FINRA Contact System, via the Firm Gateway at: <https://firms.finra.org/fcs>. For assistance updating information, please contact the FINRA Office of the Corporate Secretary at (202) 728-8949.

Endnotes

1. The terms of one at-large NAC Member and one Non-Industry NAC Member expire at the end of the year. These seats will be filled by individuals nominated by the Nominating and Governance Committee and appointed by the FINRA Board.
2. Pursuant to NASD Rule 1160, firms must update their contact information promptly, but in any event not later than 30 days following any change in such information, as well as review and, if necessary, update the information within 17 business days after the end of each calendar year. Additionally, firms must comply with any FINRA request for such information promptly, but in any event not later than 15 days following the request, or such longer period that may be agreed to by FINRA staff. *See* NASD Rule 1160 and [*FINRA Regulatory Notice 07-42*](#) (September 2007).

Attachment A

Nominee for Large Firm NAC Member

Claire H. Santaniello is Chief Administrative Officer, a Managing Director and member of the Executive Committee for Pershing, a BNY Mellon company. Ms. Santaniello also has leadership responsibility for Corporate Services, inclusive of Compliance, Customer Information Control and Surveillance, General Services and Facilities Management, Global Security, the Quality Management Office, Operational Risk and Control, People Services, Tax Reporting and Depository Balancing and administrative responsibility for Internal Audit.

Ms. Santaniello joined Pershing in 1991 in a compliance capacity. She transferred to Pershing's Compliance and Risk Management Department in 1997, where she had responsibility for building and overseeing Pershing's Rules Engine technology and Anti-Money Laundering and Office of Foreign Assets Control Programs. She was named Chief Compliance Officer in May 2003, and assumed responsibility for global compliance in 2005. In this role, she served on the BNY Mellon Risk and Compliance Operating Committee and the BNY Mellon Compliance, Information and Operational Risk Executive Committee.

Ms. Santaniello participates on several committees for Pershing and the industry. She is presently a member of Pershing's Assets and Liability Committee, Suspicious Activity Review and Oversight Committee, Credit Committee and Possession and Control/Financial Reporting Steering Committee. She is also a member of the BNY Mellon Chief Administrative Officer Roundtable. Ms. Santaniello is a member of the NASDAQ Market Regulation Committee, and has served on the FINRA Membership and Market Regulation Committees.

Ms. Santaniello earned a Bachelor of Arts degree in Economics from Muhlenberg College. She has also completed the Securities Industry Institute® program, sponsored by SIFMA, at the Wharton School of the University of Pennsylvania.

Nominee for Mid-Size Firm NAC Member

John R. Muschalek is Managing Director and head of First Southwest Company's Correspondent Clearing and Securities Lending divisions. He joined First Southwest Company in February 1992. He has also served as the firm's Chief Financial Officer and Financial and Operations Principal. Mr. Muschalek serves on the firm's Risk and Operations Management Committees. Before joining First Southwest Company, he served as the firm's auditor while working with the accounting firm KPMG Peat Marwick. Mr. Muschalek represents the firm on numerous industry committees and civic boards. He served a partial term as a Mid-Size Firm NAC Member in 2009 and 2010, completing the term vacated by another member. He has also served as a member of the FINRA Financial Responsibility Committee (national committee) and completed a term (2003 – 2005, Chairman 2005) on the FINRA District Committee (District 6). Other FINRA Committees that Mr. Muschalek has served on include the Uniform Practice Code Committee, FINRA Consultative Committee and the District 6 Nominating Committee. Mr. Muschalek has also served on the Securities Industry and Financial Markets Association (SIFMA) Operations Red Group Roundtable (national committee – 2006 Chairman) and the SIFMA Clearing Firms Committee (Vice Chair 2009). He is also a frequent speaker at local and national industry conferences. Additionally, Mr. Muschalek has served five years on the Board of Directors and three years as the Vice Chairman of the Executive Committee of the Wilkinson Center, a Dallas-based charity. Mr. Muschalek maintains FINRA Series 7, 24, 27 and 63 licenses. He is also a Certified Public Accountant and member of the American Institute of CPAs and the Texas Society of CPAs. He earned a Bachelor of Science degree in business administration, majoring in accounting, from Texas A&M University.

Attachment B

Candidate Profile Form—National Adjudicatory Council Election Election for a Large Firm and Mid-Size Firm NAC Member

Please complete all sections and email this document to CorporateSecretary@finra.org. An electronic version of this form is also available at www.finra.org/notices/election/080213.

Name: _____ Date: _____

(As you would like it to appear on official correspondence)

Current Registration

Title/Primary Responsibility: _____

Firm Name: _____ Firm CRD#: _____

Individual CRD #: _____ Number of Registered Reps. at Firm: _____

Address

Street Address: Suite/Floor:

City: _____ State: _____

Email:

Phone: _____

Provide a brief biography. You may want to consider including your employment experience, service on other industry-related boards and committees, etc. (No more than 500 words.)

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on the right side, suggesting it's resting on a surface.

